

continued movement, nature demands a change toward the equilibrium sooner or later, and the main causes of this change in the United States and Canada are two, viz.,—the gradual disappearance of money available for being fixed in capital expenditures, and the forcing of the cost of production of almost all articles to too high a point, the disturbance in the value of money being the sign of the one and the strikes and general labor troubles of the other. If in addition to these two causes of liquidation we were required to bear that of bad crops, a period of depression—of bad times, in fact—would be almost inevitable in parts of North America. But although the returns from all kinds of agriculture and from pastures are not quite as good as usual, we have results sufficiently good to warrant the belief that bad times are not as yet upon us.

However, unless we propose to accept the lessons which flow from exploded speculations, excessive promotions of new or re-organized industrial ventures, and excessive demands on the part of labor, we have no good reason to suppose that we are to be spared the natural consequences. And it should be borne steadily in mind that whether we contribute much or little to such an end, forces at work in the United States may bring about a general decline in prices which cannot fail to hurt us severely.

EASTERN CANADA.

In speaking a year ago on the subject of our manufacturing industries, we dealt with the matter so fully as to make it impossible without wearisome repetition to do so again this year. There has been again a quite extraordinary increase in the quantity of goods manufactured, a greater difficulty than ever, during a portion of the year, in securing sufficient labor, and no apparent diminution in the buying power of our people. The feature referred to last year of United States manufacturers establishing additional plants in Canada, or establishing manufacturing plants here in preference entirely to their own country, has been going on with scarcely lessened pace. The export trade of our manufacturers has continued to increase. Only in iron and steel and in cotton and woolen manufacturing are we facing unusually difficult problems, and but for the fall in prices we would doubtless have mastered the making of steel at a profit.

But if, as it seems probable, we are to witness a general decline in prices, we must not be slow to recognize what this may mean. As we said a year ago, we must hold our own against a nation fifteen times as large in people and in industries. We cannot stand again, as we have been forced to in the past, the process of absorbing a large part of the surplus product of the United States. It is not a question of which fiscal policy we like, it is a question of holding our own in a time of war. It will only be industrial war, it is true, but it may be as fierce and unrelenting as ordinary war, although the results cannot be so terrible.

Deeply interested as we are in Mr. Chamberlain's proposals, the vital question in tariffs for us at the moment is in connection with our nearest neighbor. After we have protected ourselves against the use of this country as a slaughter market for the United States, we must in some measure try to meet Mr. Chamberlain's proposals. In what particular manner we can best show our sense of the value of the integrity of the British Empire, and what we should be prepared to do to sustain that integrity, are subjects which we cannot attempt to deal with in a mere review of business conditions.

The output of our coal mines is steadily increasing, and the prices continue to keep high enough to produce very handsome profits. This industry is now on such a large scale that we must not expect to get through a year without some local check on the volume of production as against the increase elsewhere. The fire in the mine at Glace Bay was doubtless of unusual importance in this respect, but its effect in the stock market, where the daily features of the fire were used with shameless disregard of truth, was out of all proportion to its actual significance.

The conditions of the lumber trade are not very different from last year. Prices remain high, the cost of production quite keeping pace therewith. Strikes in the building trade undoubtedly affected the demand somewhat, but on the other hand the scarcity of money may lessen the quantity cut in the woods this winter. On the whole, the conditions as to supply and demand seem sound, but the prices at which everything connected with the trade is held, are so high as to be somewhat disturbing. At the recent sale by the Ontario Government, however, experienced lumbermen paid such sums per mile for limits as would hardly seem warranted unless we are to face, permanently, new conditions as to the value of all lumber products. We are glad to see that the Government of Ontario, which has just had such ample evidence of the value of our remaining timber, is about to aid in forestry research in our Provincial University. We can but hope that the work of the Canadian Forestry Association, of the Provincial Directors of Forestry, where such an office has been established, and of forestry departments in our universities, may some day bring large practical results in the way of further segregation of the com-

try as to timber preserves and in replanting on an extensive scale. The large revenue derived from annual cutting on quite small timber reserves by European governments, should tempt our politicians if they have any concern for their successors in office, or for the people.

In the Maritime Provinces the forest fires during the past summer will doubtless cause an increase in the cut this winter because of the necessity for prompt work in burnt areas, and this, in view of a probably restricted demand at home and abroad, seems unfortunate. The cut of New Brunswick for the past year was about 130,000,000 feet, and the business has been as a rule quite profitable.

Apart from manufacturing, which in the important centres in the Maritime Provinces, where it is carried on largely, has been as profitable as in Ontario and Quebec, the other results of industry have been varied. Fishing, even more important here than in British Columbia, has been unsuccessful, the catch being very small, and, notwithstanding an increased price, the result to each individual quite inadequate. On the other hand, the fruit crop is unusually large and the results most satisfactory. The area devoted to agriculture and pasture is unfortunately small. The returns have, however, been good, and we can but hope that, year by year, the Maritime Provinces will become less dependent on the other parts of Canada in this respect. The mining of gold, although not very large, is now a settled industry, increasing in volume, and a source of considerable profit. On the whole, this part of Canada shares satisfactorily in the present prosperity, and the fact is reflected in the steady growth of its bank deposits. If the credit system, which has decreased so much in Ontario, could be gradually curtailed in the Maritime Provinces, it would doubtless conduce greatly to soundness in trade, and it would make the disappointments arising from failure in any branch of industry, such as fishing or agriculture, much easier to bear. It is to be hoped that the active railway building being done and about to be done, and the improvements to ocean ports, will not only increase the prosperity of these provinces, but bring them for all purposes of communication nearer to their Western brothers.

In Ontario the farmers have had another year of pronounced good fortune. In detail the circumstances were somewhat different from last year, but the results were similar. The crops of cereals, fruit, etc., were generally abundant and prices satisfactory. The result in cattle was marred by a sharp drop in the price, but in the condition of the pastures, in quantity, and especially in the steady improvement in some parts in the breeding of both cattle and horses, the year was one of advancement. In hogs the farmers have made money, as in most recent years. The season has been even unusually good for the dairymen. In cheese the quantity and quality have been all that we could wish. The price has, however, fluctuated uncomfortably, owing to the varying conditions of stocks on hand in Great Britain and Canada for the particular month by which the cheese is known, and, in view of the apparently larger stocks on hand and present low prices, the result to the dealer for the year is not yet quite clear. The cultivation of beets for sugar making at a price and in quantities satisfactory to both the farmer and the sugar maker is yet in an experimental stage in those districts in Ontario where an effort in this direction is being made. Labor of all kinds, in the country, as well as in the towns, has been unusually hard to obtain, even at the prevailing high wages.

As an example of how farmers are paying their debts, one of our Ontario managers reports that out of 757 notes for agricultural implements held at this branch for collection in October and November, only 49 remained unpaid at the close of November. The payments on mortgages continue to an extent not entirely pleasing to the lender. Perhaps nothing shows the improvement in the conditions surrounding country life in Ontario more than the paving and general public and private improvements in many towns which depend almost entirely on the trade of the farming community.

If we judge our Eastern trade by Montreal, our largest city and chief point of distribution and as yet our most important port, we find that the business of the city and adjoining country shows sales the largest on record, with few losses from bad debts. In manufactures the increase has been quite as marked a feature as in Toronto. The customs dues largely exceed the previous year, while the export trade is the largest yet recorded. Montreal, in exports, imports, and in the payment of customs dues, is the port at which about 30 per cent. of the entire foreign trade of Canada is done. The railway and water communication of Montreal with the interior is so much shorter than that of other North American cities that we are apparently getting at last a fair share of the grain carrying trade, although it is to be hoped that we have not more than entered upon the race as yet. The Lachine Canal returns show that 6,155 vessels passed up and down during the past season, as compared with 5,276 the previous year. The increase in the freight carried was still better, being over 50 per cent. We are now carrying nearly all our own grain and a fair quantity of grain grown in the